Third Party Deals against Non-Transferable Quota

455. DR. ALLADI P. RAJKUMAR: Will the Minister of TEXTILES be pleased to state:

(a) whether third party garment, knitwear deals against non-transferable quota are declared illegal;

(b) if so, the reasons therefor; and

(c) the reaction of the exporters over the move?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

(b) Third party shipments are de-facto transfers and, therefore, are not permissible against non-transferable quotas.

(c) Action was taken after holding Open House discussions with the exporters.

Notification regarding Third Party Deals in Garments and Knitwear

456. SHRI RAMACHANDRAIAH RUMANDLA: Will the Minister of TEXTILES be pleased to state:

(a) whether a notification has been issued regarding third party shipment or negotiations of garment and knitwear on 13th June, 2000;

(b) if so, the details thereof; and

(c) what is its impact on overseas buyers?

THE MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI GINGEE N. RAMACHANDRAN): (a) Yes, Sir.

(b) A copy of the Gazette Notification dated 13th June, 2000 is attached as Statement (*See* below).

(c) It would have no impact on overseas buyers.

Statement

TO BE PUBLISHED IN PART-1 SELECTION-1 OF THE GAZETTE OF INDIA

EXTRAORDINARY

MINISTRY OF TEXTILES,

NOTIFICATION

New Delhi, the 13th June, 2000

Subject: **Garment and knitwears Export Entitlement (Quota) Policy (2000-2004), in respect of countries where such exports are covered by restraints under the provisions of the Agreement on Textiles and Clothing.**

No. 1/68/2000-Exports-I - 1. Attention is invited to Notification No. 1/128/99 Exports-I dated 12th November, 1999, which was amended subsequently by Notifications of even number dated 10th December, 1999 and 7th February, 2000 on the above mentioned subject. It has been decided to further amend the Notification as follows.

2. Para 5(iii) shall be substituted by the following:—

"Available levels will be allotted pro-rata on the realised value of exports till 31th August of the succeeding year against the exports made during the base year by the applicants in each country-category. These will also include the value of exports made in the years prior to the base year realised till the above date, but would exclude the value for which the entitlement has already been obtained in previous years. Realised value of exports shall be supported by an affidavit prescribed for this purpose. Allotments, however, will be restricted to the average annual export performance of India in the country-category during the year."

3. Sub para (xi) after sub para (x) of para 5 is introduced as follows:—

"The term transfer shall also include the third party transactions/negotiations in which the export proceeds are credited to an account other than that of entitlement holder. However, export proceeds realised in case of such third party transactions/negotiations during the period transfers are allowed, shall be deemed to be realised by the entitlement holder."

Consequently, the earlier sub para (xi) and (xii) will be renumbered as sub para (xii) and (xiii) respectively.

4. Para 7(iv) shall be substituted by the following:—

"Entitlements under this system will be calculated and allotted by the Quota Administering Authority on the basis of realised value of admissible exports till 31st August of the succeeding year against the exports made during the base year. These will also include the value of exports made in the years prior to the base year realised till the above date, but would exclude the value for which the entitlement has already been obtained in previous years. Realised value of exports shall be supported by an affidavit prescribed for this purpose. The exports of quota garments, which are covered under this Allotment Policy, to non-quota countries will, however, be given double weightage for the purpose of determining entitlements. The levels available will be distributed pro-rata on the basis of the value of exports of individual applicants."

5. The following may be added after Sub-para 17(iii)(d):—

"(e) Transfer of quotas which are not allowed"

6. Sub-para 17(v) may be substituted by the following:—

"In cases where the Committee finds the exporters guilty of fraud or other irregularities, which are violative of any of the above provisions, after examining his explanation and giving a personal hearing, the exporter may be given one or many of the penalties by way of: (a) forfeiture of EMD/BG amount; (b) confiscation of quota; and (c) debarment from obtaining entitlements and participating in the Export Entitlement Distribution Scheme for a specified period."

7. After Sub-para 17(x), the following Sub-para may be added:—

"(xi) The Enforcement Committee shall normally dispose of all appeals within a period of six months.

(xii) The Enforcement Appellate Committee shall normally dispose of all appeals within a period of three months."

8. All other terms and conditions of the Notification mentioned in para 1 above will remain unchanged.

Sd/-
(Atul Chaturvedi)
Joint Secretary to the Government of India